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SUBJECT: ARGENTINE PRESIDENT'S VENEZUELA VISIT GIVES THE CUBA STORY LEGS, BUT SHE DENIES ANY AFFRONT TO THE UNITED STATES

REF: (A) BUENOS AIRES 0075 (B) BUENOS AIRES 0068 (C)
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Classified By: Ambassador E. Anthony Wayne for reasons 1.4 (b) and (d).

¶1. (SBU) Summary: Argentine President Cristina Fernandez de Kirchner's (CFK) January 21-23 visit to Caracas following her stop in Cuba (reftel A) sustained local interest in -- and criticism of -- her trip to Cuba and Venezuela. The visit prompted questions about the GOA's judgment on timing (as the visits coincided with President Obama's inauguration and first days in office), failure to advocate for human rights, and dubious results. After returning to Argentina, CFK on January 26 said there was "absolutely no contradiction" between her Cuba/Venezuela trip and her implicit desire for improved relations with President Obama's administration. During the Venezuela visit, CFK addressed her critics saying that "people would do well to remember that Venezuela helped us out when no one else would," in a reference to Venezuela's purchase of US\$ 7 billion in Argentine bonds since 2005. The biggest news item from the stop in Caracas was the release of the two-day old photo of Fernandez de Kirchner with Fidel Castro, made public only as CFK was leaving Caracas. Also of note was Venezuelan President Chavez's promise that Venezuela would compensate Argentina's Techint for the expropriation of its Venezuelan subsidiary steelmaker Sidor, though critics noted that the promise came with neither a date nor a compensation amount. End Summary.

Many Agreements, Few Real Results

¶2. (U) President Cristina Fernandez de Kirchner's (CFK) two-day January 21-23 visit to Caracas generated limited news here in the doldrums of the Buenos Aires summer. CFK spent most of her time with Chavez, including a three-hour welcoming ceremony, a two-hour private meeting, and an embarrassingly long televised appearance. The press reported that 12 accords were signed, bringing the total number of extant bilateral cooperation pacts to 21. The accords mainly deepen cooperation in the energy, agro-industrial, manufacturing, and health sectors, and reportedly include the creation of a joint development fund, an increase in flights between Buenos Aires and Caracas, and the expanded cooperation between their respective state oil companies, Enarsa and Petroleos de Venezuela, to develop four oil fields in eastern Venezuela. CFK noted at the signing ceremony that the accords represented a great deal of work and preparation, adding that one agreement needed in such a busy bilateral relationship was that the two presidents meet every three months.

¶3. (U) President Hugo Chavez's promise to compensate Argentine conglomerate Techint over the Venezuelan expropriation of steelmaker Sidor drew headlines. According to the local press, Argentina had hoped to secure payment from Venezuela in order to help Techint keep from laying off workers in Argentina and to encourage the company's expansion (Ref B). However, critics argued that the Chavez promise of compensation to Techint was empty, as he gave no indication of the amount of compensation or its timing. Other pledges on trade and investment amounted to little of substance.

Hypocrisy and Bad Timing

¶4. (U) One of Argentina's leading papers, "La Nacion," described CFK's visit in its top editorial of January 25 as an "equivocal" signal sent during an exceptional week for the world. Referring to President Obama's inauguration, the editorial suggested that the world had changed profoundly and quickly and asserted that the outline of Argentine foreign policy would need to shift as well. According to the editorial, among the errors of the visit was the hypocrisy it revealed of a government keen on portraying itself as a defender of human rights avidly cultivating good relations with the hemisphere's two worst violators. "La Nacion" more generally asked Argentines to reflect on their attitude toward the United States, saying that there was no sound reason for Argentina constantly ranking among countries with the strongest anti-American attitudes.

¶5. (U) Most profoundly, the visit extended the story generated by the preceding Cuba visit that the CFK

administration had been maladroit in visiting two fierce U.S. critics during President Obama's inaugural week. Critics at home again questioned the government's decision not to raise the case of dissident doctor Hilda Molina and her request to visit a son and grandchildren in Argentina. On the financial side, they noted that the GOA had apparently won no Cuban agreement to pay outstanding debt (now estimated by some at US \$2.7 billion). Instead, some suggested, CFK's biggest takeaway from Havana was the photo of her with the ailing former leader in a track suit, a dubious prize at best. ("La Nacion" carried a political cartoon in which one person notes the whole world is talking about President Obama. The other person says the whole world is talking about CFK, too. To his puzzled friend he explains, "They are all asking who is that lady standing next to Fidel Castro.")

¶6. (U) Several op-eds over the weekend, responding to CFK's photo with Castro, pointed to the irony that Castro had maintained close relations with Argentina's 1976-83 military regime, a regime which the Kirchners ostensibly opposed and whose leaders they claim to be bringing to justice. The op-eds reminded the Argentine public that Castro's Cuba is even credited with heading off a 1980 U.S.-sponsored resolution at the United Nations critical of the Argentine military regime.

CFK Denies Any Affront to the United States

¶7. (SBU) After returning to Argentina, CFK in a January 26 appearance to announce some measures for the agricultural sector, sought to set the record straight. "During my absence from the country last week," she said, "I read that some commentators and opposition leaders questioned my absence from President Obama's inauguration and also criticized my presence at just that moment in the sister Republic of Cuba. I must clarify that...the day Obama took office, not only was Cristina not there, but no other head of state. The reason is simple, and that is that the United States considers the inauguration a national ceremony and therefore does not invite any foreign head of state." CFK later added that there was "absolutely no contradiction" between her Cuba/Venezuela trip and her implicit desire for improved relations with President Obama's administration.

She also favorably compared her husband's rise to power with President Obama's rise to the White House.

¶18. (SBU) While still on the road, CFK in Caracas had addressed her critics back home, saying that "people would do well to remember that Venezuela helped Argentina out when no one else would", alluding to the BRV's purchase of US\$ 7 billion in bonds since 2005. She added, "Besides the fact that Argentina and Venezuela have a shared vision for the region, perhaps you do not realize that Venezuela is the principal importer of Argentine poultry." In contrast to her visit to Cuba, CFK made no direct references to President Obama during her visit to Venezuela.

Comment: Friends in Need

¶19. (C) CFK has taken probably more lumps than expected for what she may have viewed as an obligatory tour of Latin America's revolutionary bastions, in part because of very poor planning on the timing. If CFK's intentions were to show Argentina as a diplomatic player in promoting improved U.S. ties with Cuba and Venezuela, many here believe that the visits' unfortunate timing undermined such prospects.

¶10. (C) The visit to Caracas was perhaps seen as necessary to establish Venezuela's willingness to finance Argentine government (or political) needs in the midst of the global downturn. Havana may have been a part of the package, or may have held its own distinct appeal; some have argued CFK just wanted the photo (ref C). CFK's real deliverable in Caracas may have been one not for public consumption -- that any future Venezuelan purchases of Argentine debt instruments not result in another disastrous dumping of those notes on the secondary market and/or that Chavez pay a hard-hit Techint for the steel plant. As Argentina's 2009 mid-term elections approach, we may have the opportunity to see if there was such a pledge. End Comment.

WAYNE